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Message Text

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PAGE 01 STATE 225266
ORIGIN SS-25

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S/S - RCASTRODALE
DESIRED DISTRIBUTION
EA, EB
----------119415 060146Z /73
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TO USLO PEKING IMMEDIATE

C O N F I D E N T I A L STATE 225266

EXDIS

E.O. 11652: GDS

TAGS: EPAP, ETRD, CH, US

SUBJECT: TEXTILE DEMARCHE

REF: A) PEKING 2767, B) STATE 223966 (EXDIS) AND
C) STATE 222219

1. REF. (B) PROVIDES SUMMARY OF BARRACLOUGH-PENG
CONVERSATION.

2. FOR YOUR INFORMATION AND POSSIBLE USE, HERE ARE THE
TALKING POINTS PREPARED FOR THE AUGUST 31 MEETING WITH
PENG:

"--VIRTUALLY ALL COUNTRIES ENGAGED IN THE TEXTILE TRADE
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RECOGNIZE THE SENSITIVITY OF TEXTILE IMPORTS. REFLECT-
ING THIS, NEARLY ALL COUNTRIES WHICH PARTICIPETE SIGNI-
FICANTLY IN INTERNATIONAL TRADE IN TEXTILESREGULATE
THIS TRADE IN SOME MANNER SO AS TO AVOID MARKET DISRUP-
TION IN IMPORTING COUNTRIES WHILE SIMULTANEOUSLY PROMOT-
ING THE ORDERLY DEVELOPMENT OF TRADE.

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--EXPORTS OF TEXTILES AND APPAREL TO THE UNITED STATES FROM THE PEOPLE'S REPUBLIC OF CHINA HAVE GROWN RAPIDLY DURING THE PAST FEW YEARS. ALTHOUGH THERE HAVE BEEN PERIODIC FLUCTUATIONS, THE STRONG UPWARD TREND IS QUITE CLEAR. CHINA'S OVERALL TEXTILE EXPORTS TO THE UNITED STATES ARE LARGER THAN THOSE OF ELEVEN COUNTRIES WITH WHICH WE HAVE NEGOTIATED BILATERAL RESTRAINT AGREEMENTS. THIS FACT HAS NOT GONE UNOBSERVED.

--THE RAPID GROWTH OF CHINA'S TEXTILE EXPORTS TO US IS A CAUSE OF GREAT CONCERN TO OUR DOMESTIC INDUSTRY, LABOR, AND MEMBERS OF CONGRESS. THERE IS NOW PARTICULARLY STRONG PRESSURE FOR IMMEDIATE ACTION TO RESTRAIN TEXTILE IMPORTS FROM THE PEOPLE'S REPUBLIC OF CHINA.

--OUR OPTIONS, WHEN FACED WITH RAPIDLY GROWING IMPORTS OF A PARTICULAR PRODUCT, INCLUDE SEEKING VOLUNTARY RESTRAINT, NEGOTIATING A FORMAL BILATERAL RESTRAINT AGREEMENT, AND UNILATERALLY RESTRICTING IMPORTS.

--OUR PURPOSE IN BRINGING THIS PROBLEM TO YOUR ATTENTION TODAY IS TO SEEK YOUR URGENT COOPERATION IN FINDING A MUTUALLY ADVANTAGEOUS SOLUTION AS SOON AS POSSIBLE. IT IS IN THE INTEREST OF BOTH THE UNITED STATES AND THE PEOPLE'S REPUBLIC OF CHINA THAT THIS IMPORTANT SECTOR OF OUR BILATERAL TRADE DEVELOP IN AN ORDERLY MANNER.
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--WE HOPE THAT REPRESENTATIVES OF THE PEOPLE'S REPUBLIC OF CHINA WILL BE PREPARED TO DISCUSS THIS MATTER WITH US AT A MUTUALLY CONVENIENT TIME HERE IN WASHINGTON WITHIN THE NEXT MONTH.

--AT THAT TIME, WE HOPE THAT YOU WILL BE READY TO DISCUSS YOUR EXPORTS OF PRODUCTS IN CATEGORIES OF SPECIAL CONCERN TO US. WE MUST HAVE CERTAIN ASSURANCES REGARDING THE GROWTH OF TEXTILE AND APPAREL EXPORTS FROM THE PEOPLE'S REPUBLIC OF CHINA IN CERTAIN PRODUCT CATEGORIES. A PRELIMINARY LIST OF THESE CATEGORIES IS ATTACHED FOR YOUR REFERENCE. THE ADMINISTRATION WOULD HOPE THAT SUCH ASSURANCES WOULD ENABLE US TO AVOID UNILATERAL RESTRAINT ACTION." CHRISTOPHER

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